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NEWS

Mid-range tanker owners maximise trade flexibility with new ships

Photo: Barry Parker



Tanker owners ordering ships in the medium size range are opting for vessels that can trade both clean and dirty, says Poten & Partners.

[Paul Bartlett](#) | Aug 12, 2024

Analysing the two groups of tankers, [Aframax](#) crude tankers, and LR2 ships of similar size that can trade dirty or clean, Poten notes that owners are hedging their bets by ordering more of the latter vessels with coated tanks.

The New York broker points out that the current orderbook for Aframax (crude) tankers comprises only 40 vessels, just 4.7% of the 854-ship fleet. But the 158 LR2 tankers on order represent almost 54% of the 295-ship fleet in that sector.

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Several factors have boosted the fortunes of Aframax owners recently. Following the imposition of sanctions on Russia after its invasion of Ukraine, Soviet crude exports required more large tankers to undertake longer voyages: Aframax tonne-miles received a boost. Meanwhile, the latest expansion of the Trans Mountain Expansion pipeline on Canada's west coast is likely to provide another hike in Aframax demand as Canada raises export volumes.

LR2 tankers, on the other hand, which came later than the first generation of Aframax vessels, have more trading flexibility. With coated tanks and cargo cleaning systems, they can switch between clean and dirty cargoes, though not usually on a voyage-by-voyage basis, Poten notes.

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The tankers obviously cost more and typically trade in 'premium' clean trades, but can switch to dirty cargoes depending on market conditions and/or as they get older.

The last three years have shown the benefits of trading flexibility – the Russian boost to Aframax trades on the dirty side, and higher demand in the clean trades as a result of Red Sea and Suez Canal disruption. Properly positioned LR2s have been able to take advantage of both, Poten concludes.

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